

## Message Text

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PAGE 01 STATE 204760  
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY ARA/AND:ASCFULLER/ARA:FMCNEIL:MCH  
APPROVED BY P:DNEWSOM  
ARA/AND:MRBARNEBEY  
HA:MSCHNEIDER  
PM:RTITUS  
LA/SA:RWEBER  
EXIM:TKINGSLEY (SUBS)  
ARA:JABUSHNELL  
ARA:VPVAKY  
NSC - MUSHNELL S/S-O:TGMARTIN

-----081047 121522Z /40

O 121508Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY LA PAZ IMMEDIATE

C O N F I D E N T I A L STATE 204760

EXDIS

E.O. 11652: GDS

TAGS: BGOV, BASS, BL

SUBJECT: SECURITY ASSISTANCE FOR BOLIVIA

-

REFS: (A) LA PAZ 6310, (B) STATE 200953

1. WE SHARE YOUR CONCERNS AND YOU MAY PROCEED TO EXECUTE  
THE REMAINING PORTIONS OF FY 78 IMET AND PLAN FOR USE OF  
FY 79 FMS CREDITS.

2. PLEASE EXPLAIN TO PEREDA THE OVERALL ASSISTANCE PICTURE.  
THERE HAVE BEEN, AS HE KNOWS, LONG DELAYS IN PROCESSING  
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THE FY 78 FMS CREDIT. THE COUP PRODUCED FURTHER DELAY.  
FACED WITH THE NECESSITY OF MAKING END-OF-FISCAL YEAR  
DECISIONS WE REPROGRAMMED THE \$14 MILLION CREDIT FOR  
URGENT NEEDS ELSEWHERE. (STATE 201542, REPEATED TO  
YOU, GIVES YOU FLAVOR OF THE DEMANDS ON THE FMS PROGRAM.)

3. WE ARE PREPARED, HOWEVER, TO MOVE IN OCTOBER, AS SOON

AS THE FISCAL YEAR BEGINS, TO FINANCE THE HOSPITAL EQUIPMENT FROM THE \$6 MILLION FY 79 CREDIT. IF PEREDA PREFERS TO USE THAT FOR OTHER ITEMS, WE ARE PREPARED TO EXPLORE THE ALTERNATIVE OF EXIM INSURED FINANCING. IN ECONOMIC ASSISTANCE, WE HAVE RESUMED THE NORMAL GRANT PIPELINE, ARE MOVING FORWARD THE VILLAGE DEVELOPMENT LOAN,

WE ARE PREPARED TO GO AHEAD WITH THE RURAL ROAD PROJECT. (FYI. THIS CONSTITUTES AUTHORIZATION TO PROCEED TO NEGOTIATE THIS LOAN. HOWEVER, WE REITERATE DESIRE FOR LOW-KEY NEGOTIATIONS AND MINIMUM PUBLICITY SO AS NOT TO AGGRAVATE CIVILIAN SECTOR VIEW OF U.S. POSITION AND WOULD

HOPE THAT A LITTLE TIME MIGHT ELAPSE BETWEEN THE VILLAGE DEVELOPMENT LOAN SIGNING AND THE ROAD SIGNING. END FYI) WE HAVE ALSO GONE AHEAD WITH THE INCREASE IN THE PL 480 TITLE III. WE ARE INCLUDING BOLIVIA IN OUR ADVANCE PLANNING FOR THE FY 80 FMS PROGRAM NOW UNDER REVIEW. THE CONTINUANCE OF OUR ASSISTANCE PLANS, AS HE KNOWS, DEPENDS ON CONTINUED PROTECTION OF HUMAN RIGHTS AND PROCEEDING FORWARD WITH THE PROCESS OF DEMOCRATIC POLITICAL DEVELOPMENT.

4. BEGIN FYI. IT IS OUR HOPE TO VEST THE FY 1980 FMS PROGRAM (NOW IN THE INTER-AGENCY REVIEW PROCESS) WITH SUFFICIENT FLEXIBILITY TO PERMIT RESTORATION OF AT LEAST CONFIDENTIAL

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SOME OF THE \$14 MILLION CUT ON THE ASSUMPTION THAT THE PLEDGES TO RESPECT HUMAN RIGHTS AND DEMOCRATIZATION ARE SUSTAINED. EXIM HAS BEFORE IT AN APPLICATION FOR FCIA MEDIUM-TERM CREDIT INSURANCE FROM A US HOSPITAL EQUIPMENT SUPPLIER, CALMAQUIP INC., WITH LIABILITY UP TO \$8 MILLION. EXIM SHORTLY WILL BE SEEKING EMBASSY CLEARANCE ON PROCESSING THIS APPLICATION. CALMAQUIP PRESUMABLY HAS ARRANGED FINANCING FOR BOLIVIAN ACQUISITION OF HOSPITAL EQUIPMENT. (ANOTHER FIRM, AMERICAN HOSPITAL SUPPLY, MAY RETAIN AN INTEREST IN EQUIPPING HOSPITAL AND MIGHT SEEK CREDIT INSURANCE.)

5. WE WOULD LIKE PEREDA'S ASSURANCE THAT HE UNDERSTANDS THAT THE REPROGRAMMING OF FY 78 FMS IS NOT INTENDED AS A PUNITIVE MEASURE. IF PEREDA REACTS VERY BADLY TO THE NEWS OF THE FMS FY 78 REPROGRAMMING, TELL HIM YOU WILL REPORT BACK TO THE DEPARTMENT HIS VIEWS. END FYI. CHRISTOPHER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY ASSISTANCE, MILITARY CREDIT  
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**Draft Date:** 12 aug 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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